

Securities Law Developments **NEWSLETTER**

NOVEMBER 20, 2001

BROKER-DEALER BOOKS & RECORDS: FINAL AMENDMENTS

On October 25, 2001, after five years of extensive comment and negotiation, the Securities and Exchange Commission (“SEC” or “Commission”) unanimously approved the final rule amendments to the books and records rules (Rule 17a-3 and Rule 17a-4) under the Securities Exchange Act of 1934 (“Exchange Act”).¹ In adopting these rule amendments, the Commission sought to provide timely access to broker-dealers’ books and records so that the SEC staff as well as the representatives of self-regulatory organizations (“SROs”) and the state securities regulators may conduct effective examinations, investigations and enforcement actions, particularly in the context of investigating potential sales practice violations. The final rules are set to become *effective on May 2, 2003*. A chart summarizing

the books and records affected by the new requirements is attached at the end of this newsletter.

I. Creation and Retention of Records Relating to Each Office

Since enactment of the National Securities Market Improvement Act of 1996 (“NSMIA”),² the SEC’s recordkeeping rules for broker-dealers have received a great deal of scrutiny from the state securities regulators.³ As a response to their ongoing concerns about the need to have ready access to the records of broker-dealers operating in their jurisdictions, the Commission adopted new Rule 17a-3(f). Under Rule 17a-3(f), broker-dealers must make and keep current, separately for each “office,” certain enumerated categories of books and records reflecting the activities of that office. The term

¹ Exchange Act Rel. 44,992, 66 Fed. Reg. 55,818-01 (Nov. 2, 2001) (to be codified at 17 C.F.R. pts. 240, 242) (“Adopting Release”). The SEC initially proposed to amend the recordkeeping rules in 1996, but due to extensive criticisms, it modified the initial proposal substantially and published a reproposing release in 1998. See Exchange Act Rel. 37,850, 61 Fed. Reg. 55,593 (Oct. 28, 1996) (initial proposal); Exchange Act Rel. 40,518, 63 Fed. Reg. 54,404 (Oct. 9, 1998) (reproposal). The SEC’s reproposal also drew a wide range of responses. The Adopting Release notes that over 100 comment letters were received from various groups, including broker-dealers and the state securities regulators.

² Pub. L. No. 104-290, 110 Stat. 3416 (1996).

³ Prior to enactment of the NSMIA, states used to have their own laws or regulations that required broker-dealers to keep various books and records that differed from or were in addition to those required by the SEC. Under the NSMIA, the states may no longer impose any such requirements; instead, the SEC is directed to consult periodically with the states concerning the adequacy of its recordkeeping rules, so that the state securities regulators may continue to carry out their examinations and investigations in an effective manner. See 15 U.S.C. 78o(h).

“office” is defined as “any location where one or more associated persons regularly conduct the business of handling funds or securities or effecting any [securities] transactions in, or inducing . . . the purchase or sale of, any security.”⁴ The categories of books and records subject to the new rule include: trade blotters or other itemized daily record of all purchases or sales of securities; order tickets; customer account records; associated person personnel, customer complaint and compensation records; customer account records; communication supervision records; contact person records; and responsible principal records.

As repropounded by the Commission in 1998, copies of these records relating to a local office would have been required to be maintained at that local office. In the wake of strong industry opposition, however, the reproposal was modified to provide for an alternative means of compliance. As adopted, new Rule 17a-4(k) allows broker-dealers to either maintain the required records⁵ at the local office for the most recent two-year period or, in lieu of the foregoing, produce such records at the local office “promptly” upon request by a representative of a securities regulatory authority.⁶ While the term “promptly” was left undefined, the Adopting Release suggests that the required records generally should be provided on the same day the request is

made, except for unusually large or complex requests. Sending the records to a compliance office for prior review would not serve as a valid reason for a delay in producing them.

II. Amendments to Rule 17a-3

In addition to the recordkeeping requirements relating to a broker-dealer’s local office activities, the Commission also adopted a number of other amendments to Rule 17a-3. Representing in large measure a codification of prudent business practices of many broker-dealers that were in place prior to enactment of the NSMIA, these amendments impose new record requirements as well as expand the scope of current requirements, as summarized below.

A. Orders Tickets

Rules 17a-3 (a)(6) and (a)(7) have been amended to require each broker-dealer to make and keep current the following additional information on each order ticket:

- The identity of the associated person, if any, responsible for the account who entered or accepted the order on behalf of the customer.⁷ If a firm assigns identification

⁴ Rule 17a-3(g)(1). The Adopting Release suggests that a customer’s office where an associated person may visit on a regular basis does not constitute an “office” for purposes of Rule 17a-3.

⁵ Note that Rule 17a-4(k) encompasses the records that a broker-dealer is required to keep separately as to each office under Rule 17a-3(f) as well as certain other records described in Rules 17a-4(b)(4) and (e)(7).

⁶ Where an associated person’s residence is an office, a broker-dealer may maintain records for that office at another location in the same state if: (i) only one associated person regularly conducts business at the office (except in the case of multiple associated persons who reside at that location and are members of the same immediate family); (ii) the office is not held out to the public as an office; and (iii) neither customer funds nor securities are handled at that office. While a broker-dealer must create records for its foreign offices pursuant to Rule 17a-3(f), it is not required to maintain them at the foreign office under Rule 17a-4(k). Such records should be maintained at the broker-dealer’s main office.

⁷ To the extent that broker-dealers do not assign associated persons responsibility for certain accounts, such as where customers enter orders into an on-line trading system and those accounts are not assigned to any associated person, this information may be omitted. The Commission declined to exempt broker-dealers that primarily accept “unsolicited” orders and do not pay transaction-based commissions on the basis that such identity information on the order tickets was essential for “adequate surveillance of, and accountability for, transactions.”

numbers or codes to its associated persons, this number or code may be recorded on the order ticket in lieu of the associated person's name;⁸

- The identity of any other person who entered or accepted the order on behalf of the customer;⁹
- Whether the order was entered subject to discretionary authority;
- The terms and conditions of any modifications to the order; and
- The time at which the broker-dealer received a customer order.¹⁰

In lieu of making a separate order ticket, broker-dealers may retain a copy of an application or subscription agreement for purchases, sales or redemptions conducted on a "subscription way basis" directly from or to the issuer involving, for example, mutual funds or variable annuities and automatic dividend reinvestments.¹¹

B. Associated Person Records

With respect to each of its associated persons, a broker-dealer must create certain records regarding that individual, including:

- A list of every office at which the associated person regularly conducts business;¹²
- A list of all identification numbers relating to the associated person;¹³
- A record, which may be created at the time of an examination, listing each purchase and sale of a security attributable, for compensation purposes, to that associated person which includes the amount of the compensation, if monetary, or a description and estimated value of all non-monetary compensation directly related to sales;¹⁴
- A record of all verbal or written agreements pertaining to the relationship between the associated person and the broker-dealer, including records that may change periodi-

⁸ If a firm chooses to use identification numbers or codes, it must provide the actual identity of the associated person to a representative of a securities regulatory authority upon request and must maintain a record listing identification numbers or codes assigned to each associated person pursuant to Rule 17a-3(a)(12)(ii).

⁹ To the extent that an order ticket is generated by an electronic system that is not capable of receiving an entry of the identity other than the responsible person, this information may be omitted from the order ticket. In such circumstances, the broker-dealer may produce a separate record identifying each other person upon request. If a customer directly enters the order into an electronic system himself or herself, the broker-dealer must note that on the order ticket.

¹⁰ Rule 17a-3(a)(6)(i); Rule 17a-3(a)(7). As a result of the NASD's Order Audit Trail System ("OATS") rules, many broker-dealers already maintain this information for certain types of securities. Where the time of entry and the time of receipt are simultaneous, broker-dealers only need to record one time so long as it is clear that the time of entry and time of receipt are the same on the order ticket. Note, however, that orders with nearly simultaneous order entry and receipt times still require broker-dealers to record two times.

¹¹ Rule 17a-3(a)(6)(ii).

¹² Rule 17a-3(a)(12)(ii).

¹³ This includes the associated person's CRD number, if any, and all internal identification numbers or codes assigned to that ~~person~~. *Id.*

¹⁴ Rule 17a-3(a)(19)(i). Non-monetary compensation includes sales incentives, gifts or trips provided to the associated person for meeting certain targets. To the extent sales are counted as progress toward these goals, those sales should be recorded regardless whether the ultimate goal is received. Items of little value distributed by the firm are not non-monetary compensation. Under 17a-4(b)(1), these records must be retained for three years, the first two in an easily accessible place.

cally such as commission schedules, and a summary of the associated person's compensation arrangement;¹⁵ and

- A record of every *written* customer complaint concerning the associated person, including those written customer complaints that are received electronically.¹⁶ Broker-dealers may satisfy this obligations in one of two ways: (1) maintain a copy of each original complaint along with a record of the disposition of the complaint for each associated person, or (2) create a separate record of the complaint which contains the following information:
 - the complainant's name;
 - address;
 - account number;
 - the date the complaint was received;
 - the name of each associated person identified in the complaint;
 - a description of the nature of the complaint; and
 - the disposition of the complaint.

C. Customer Account Information Records

As adopted, new Rule 17a-3(a)(17) formalizes the requirement that broker-dealers create and maintain a record for each account with a natural person when the account is opened and thereafter periodically furnish account record information to

that customer. Corporate accounts, inactive accounts, and accounts that do not require any suitability determination are exempt from the new requirement.¹⁷ As to customer accounts covered by the rule, the Commission believes that much of the information required by the new requirement is currently already collected and maintained by broker-dealers to satisfy other federal and SRO rules and is a prudent business practice in the event of disputes with customers. Under Rule 17a-4(e)(5), all account record information must be maintained for six years beginning either at the time the account is closed or when the information is replaced or updated.

1. *Content and Format*

For each account with a natural person as a customer or owner, broker-dealers have an obligation to make a good faith effort to collect the following minimum account information:

- Customer's name;
- Tax Identification Number (TIN);
- Address;
- Telephone number;
- Date of Birth;
- Employment Status (including occupation and whether the customer is an associated person of a broker-dealer);
- Annual Income;
- Net Worth (excluding value of primary residence);
- Investment Objectives; and

¹⁵ Rule 17a-3(a)(19)(ii). To the extent compensation is based on criteria other than a per-trade basis, broker-dealers must provide a description of the method by which compensation is to be determined.

¹⁶ Rule 17a-3(a)(18)(i). Rule 17a-4(b)(4) currently requires each broker-dealer to maintain originals or all correspondence received, and the Adopting Release clarifies that the broker-dealer may satisfy both Rule 17a-4(b)(4) and 17a-3(a)(18)(i) by retaining only one copy of the complaint. Records created pursuant to Rule 17a-3(a)(18) must be retained for three years, the first two in an easily accessible place. Rule 17a-4(b)(1).

¹⁷ Broker-dealers need not create and maintain an account record for accounts for which it has not been required to make a suitability determination under federal laws or SRO rules for the past 36 months. Rule 17a-3(a)(17)(i)(D). However, if after one of these accounts is opened, the broker-dealer or any of its associated persons engaged in conduct that would trigger the suitability requirement, an account record must be created prior to making such recommendation.

- An indication of whether it has been signed by the associated person responsible for the account, if any, and approved or accepted by a principal of the firm.¹⁸

It is not necessary that all the required information and signatures be maintained on the same form; the record may consist of more than one document. Also, certain customer accounts may require additional information. For example, accounts with more than one owner would require broker-dealers to obtain the personal information for each owner of the account who is a natural person.¹⁹ Similarly, records for discretionary accounts must include the dated signature of each customer granting the discretionary authority and the dated signature of each natural person to whom discretionary authority is granted.²⁰

2. *Furnishing the Account Record Information to Customers*

New Rule 17a-3(a)(17) requires each broker-dealer to periodically furnish a copy of the account record information to the customer for verification and updating and to maintain a record of when that information was furnished to the customer. The Commission believes that this new requirement will benefit broker-dealers by ensuring

that they have up-to-date information when making investment recommendations and reviewing transactions. Customer account information notification may be included with other mailings or be printed on an account statement. Regardless of the form in which it is presented, all customer account information must be accompanied by a description of the investment objective categories utilized by that particular broker-dealer and a prominent statement instructing the customer the mark corrections and return the account record to the broker-dealer.²¹

A copy of the customer's account record information must be furnished to the customer and the associated person responsible for the account:

- Upon account opening within 30 days or with the next scheduled account statement;
- At least once every 36 months, although it may be appropriate to update information on customer accounts more often to satisfy SRO "know your customer" obligations;²²
- Upon a change in the customer's name or address within 30 days of notice;²³ and
- Upon changes in the account's investment objectives within 30 days of notice or with the next scheduled account statement.²⁴

¹⁸ Rule 17a-3(a)(17)(i)(A). The subject accounts in existence on the effective date of this rule must obtain the requisite information within 3 years. To the extent that account information records do not include all of the required information, the broker-dealer will bear the burden of explaining why this information is not available – for example, the customer's neglect or refusal.

¹⁹ *Id.* However, in joint accounts, the financial information for all individual joint owners may be combined, since the investment objectives should be recorded for the account rather than its individual owners. Additionally, information that is the same for each owner of the account need only be indicated as such on the record.

²⁰ Rule 17a-3(a)(17)(ii).

²¹ Rule 17a-3(a)(17)(i)(B)(1). When sending customer account information, a broker-dealer may withhold the customer's tax identification number and date of birth from the account record to prevent disclosing information that may be used to perpetrate fraud.

²² *Id.* Accounts subject to this rule in existence when these amendments become effective must be furnished with a copy of the account record information within 3 years.

²³ Rule 17a-3(a)(17)(i)(B)(2). This notification must be sent to the customer's old address.

²⁴ Rule 17a-3(a)(17)(i)(B)(3)

3. *Miscellaneous Customer Account Records*

Broker-dealers must create a record for each account indicating that the customer was furnished with a copy of each written agreement pertaining to that account and that, if requested by the customer, was furnished with a fully executed copy.²⁵ Broker-dealers also must make a record indicating that each customer has been provided with notice of the address and telephone number at the broker-dealer to which complaints may be directed.²⁶ This notice may be provided on customer statements.

D. Supervisory Compliance Records

Rule 17a-3 has been amended to include new rules requiring a broker-dealer to maintain certain records documenting its supervisory compliance efforts and identifying the individual responsible for explaining its books and records during an examination.

1. *Documentation of Communications Supervision*

Each broker-dealer must create and maintain a record documenting that it has complied with, or adopted policies and procedures reasonably designed to establish compliance with, applicable federal requirements and SRO rules requiring principal approval of advertisements, sales literature

or other communications with the public.²⁷ The Adopting Release states that broker-dealers have many options as to how to create this record, ranging from recording the principal's signature or initials on the communication to a signed memo granting permission for use of the communication.

2. *Identification of Responsible Principals*

Broker-dealers must create a record identifying each principal responsible for establishing policies and procedures reasonably designed to ensure compliance with applicable federal requirements or SRO rules requiring acceptance or approval of a record by a principal.²⁸

3. *Identification of a Contact Person for Books and Records*

All broker-dealers must create a record listing all individuals by name or title at an office who, without delay, can explain the types of records the broker-dealer maintains at the office and the information contained therein.²⁹

III. **Amendments to Rule 17a-4**

The Commission adopted a number of amendments to Rule 17a-4, many of which are intended to standardize the applicable retention

²⁵ Rule 17a-3(a)(17)(iii). This obligation only applies to written agreements entered into on or after the effective date of the rule.

²⁶ Rule 17a-3(a)(18)(ii). In a typical clearing arrangement, the parties may negotiate whether the contact information furnished to the customer is that of the introducing broker or the clearing broker.

²⁷ Rule 17a-3(a)(20). Under Rule 17a-4(b)(1), records created pursuant to Rule 17a-3(a)(20) must be retained for three years, the first two in an easily accessible place. Note that the term "principal" as used in the SEC's recordkeeping rules means "any individual registered with a national securities association as a principal or branch manager of a member, broker or dealer or any other person who has been delegated supervisory responsibility over associated persons by the member, broker or dealer." Rule 17a-3(g)(2).

²⁸ Rule 17a-3(a)(22). Under Rule 17a-4(a), records created pursuant to Rule 17a-3(a)(22) must be retained for six years, the first two in an easily accessible place.

²⁹ Rule 17a-3(a)(21). Under Rule 17a-4(a), records created pursuant to Rule 17a-3(a)(21) must be retained for six years, the first two in an easily accessible place.

periods for various records described in amended Rule 17a-3. These amendments also incorporate a number of new record retention requirements, as summarized below.

A. Retention of Communications with the Public

The existing requirement to retain all communications received and sent relating to a broker-dealer's "business as such" has been expanded to expressly include all communications that are subject to SRO rules regarding "communications with the public."³⁰ The broker-dealer must also retain any written procedures used for reviewing such communications received or sent.³¹

B. Retention of Certain Organizational Documents

A broker-dealer must retain copies of its original Forms BD and BDW, including all amendments thereto, and all other licenses or other documentation showing registration with any securities regulatory authority.³²

C. Retention of Special Reports

Under Rule 17a-4(e)(6), a broker-dealer must maintain for three years copies of all reports

that a securities regulatory authority has requested or required the broker-dealer to create.³³

D. Retention of Compliance, Supervisory and Procedures Manuals

All compliance, supervisory, and procedures manuals describing a broker-dealer's policies and practices with respect to compliance and supervision, including any updates, modifications, and revisions, must be maintained for three years after they are no longer used.³⁴

E. Retention of Exception Reports

Despite industry opposition, the Commission adopted a new rule requiring broker-dealers to maintain copies of all reports produced to review for unusual activity in customer accounts for 18 months after the report was generated.³⁵ While the new rule does *not* require the broker-dealer to create any specific exception reports, it requires such records to be maintained, once they are created. In lieu of maintaining copies of all such reports, the broker-dealer may choose to promptly "re-create" the reports upon request, provided that it complies with additional obligations to address any systemic changes made in the most recent 18 months.³⁶

³⁰ Rule 17a-4(b)(4). This includes retaining sales scripts.

³¹ Rule 17a-4(e)(7).

³² Rule 17a-4(d).

³³ Reports include those requested or required under an order or settlement requiring the broker-dealer to produce the report as part of the terms of the order or settlement.

³⁴ Rule 17a-4(e)(7).

³⁵ Rule 17a-4(e)(8). These reports include, for example, reports identifying exceptional numerical occurrences, frequent trading, unusually high commissions, or an unusually high number of trade corrections or cancellations ("exception reports").

³⁶ If the broker-dealer chooses to re-create exception reports, but has undergone systemic changes preventing a re-creation of the same report in the most recent 18 months, it may re-create the report in the most recent format using historical data so long as it also provides a record explaining each systemic change affecting the reports. If the broker-dealer is unable to re-create the report in any format for the most recent 18 months due to systemic changes, it may provide a record of the parameters that were used to generate the report and the frequency reports were generated for the time period for which the information is requested.

Among the most significant amendments made to the recordkeeping rules are those relating to a broker-dealer's local office activities. Notwithstanding the substantial modifications made by the Commission since the initial proposal, these new requirements are expected to impose a substantial burden on broker-dealers. It remains to be seen, however, if they will materially enhance the ability of the state securities regulators to conduct effective and efficient sales practice examinations in the future, producing a benefit for public investors that outweighs the cost.

If you would like a copy of the Adopting Release, or if you have any questions, please contact:

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A SUMMARY OF NEW & AMENDED RECORDKEEPING REQUIREMENTS
EFFECTIVE MAY 2, 2003

RECORD	NEW/AMENDED REQUIREMENTS	RETENTION PERIOD	SOURCE OF REQUIREMENT
Customer Order Tickets	<p>For each brokerage order, the order ticket must include:</p> <ul style="list-style-type: none"> • the terms, conditions and instructions of the order, including any modification or cancellation; • order receipt time; • order entry time; • execution price; • the identity of each associated person, if any, responsible for the account; • the identity of any other person who entered or accepted the order; • a notation if the order was entered by a customer into an electronic system; • to the extent feasible, the time of execution or cancellation; and • a designation if the order was entered pursuant to the exercise of discretionary authority by the broker-dealer. 	Five years, the first two in an easily accessible place.	<ul style="list-style-type: none"> • Rules 17a-3(a)(6); 17a-4(b)(1) • Financial Recordkeeping and Reporting of Currency and Foreign Transactions Regulations, 31 CFR Part 103, §§ 35(b), 38(d)
Associated Person Location and Identification Number Records	<p>For each associated person, a record containing:</p> <ul style="list-style-type: none"> • a list of every office where the associated person regularly conducts business; • their CRD number, if any; and • every internal identification number or code assigned to that person by the broker-dealer. 	Three years after the associated person has terminated his or her employment and all other connections with the broker-dealer.	<ul style="list-style-type: none"> • Rules 17a-3(a)(12)(ii); 17a-4(e)(1)
Associated Person Compensation Records	<p>For each associated person, a record containing:</p> <ul style="list-style-type: none"> • each purchase and sale of a security attributable to that associated person for compensation purposes; • the amount of compensation attributable to each purchase or sale, if monetary, or a description and estimated value of the compensation if non-monetary; • all agreements pertaining to the relationship between the broker-dealer and the associated person; and • a summary of the associated person's compensation arrangement. 	Three years, the first two in an easily accessible place.	<ul style="list-style-type: none"> • Rules 17a-3(a)(19); 17a-4(b)(1)
Associated Person Complaint Records	<p>As to each associated person, a record of each written customer complaint concerning that associated person which includes:</p> <ul style="list-style-type: none"> • the complainant's name; • address; • account number; • the date the complaint was received; • the name of each associated person identified in the complaint; • a description of the nature of the complaint; and • the disposition of the complaint. 	Three years, the first two in an easily accessible place.	<ul style="list-style-type: none"> • Rules 17a-3(a)(18)(i); 17a-4(b)(1)
Customer Account Records	<p>For each account with a natural person as a customer or owner, a record including:</p> <ul style="list-style-type: none"> • the customer's or owner's name; • tax identification number; • address; • telephone number; • date of birth; • employment status (including occupation and whether the customer is an associated person of a broker-dealer); • annual income; 	Six years after the earlier of the date the account was closed or the date on which the information was replaced or updated.	<ul style="list-style-type: none"> • Rules 17a-3(a)(17); 17a-3(a)(18)(ii); 17a-4(e)(5)

RECORD	NEW/AMENDED REQUIREMENTS	RETENTION PERIOD	SOURCE OF REQUIREMENT
Customer Account Records (continued)	<ul style="list-style-type: none"> • net worth (excluding value of primary residence); • investment objectives; • an indication of whether the record has been signed by the associated person responsible for the account, if any, and approved or accepted by a principal of the firm; and • if the account is a discretionary account, the dated signature of each customer granting the authority and the dated signature of each natural person to whom discretionary authority was granted. <p>Also, for each account with a natural person as a customer or owner, a record indicating that:</p> <ul style="list-style-type: none"> • the broker-dealer has furnished each customer with a copy of the account record within: (i) 30 days of account opening and every 36 months thereafter, or (ii) within 30 days of notice of a change in the customer's name, address or investment objectives; • the customer was provided with each written agreement pertaining to the account and, if requested by the customer, that they were furnished with a fully executed copy of each agreement; and • each customer has been provided with a notice containing the address and telephone number of the department of the member to which complaints may be directed. 		
Communications Supervision Records	A record that a broker-dealer has complied with, or adopted policies and procedures reasonably designed to establish compliance with, federal and SRO requirements requiring principal approval of advertisements, sales literature or other communications with the public.	Three years, the first two in an easily accessible place.	<ul style="list-style-type: none"> • Rules 17a-3(a)(20); 17a-4(b)(1)
Responsible Principal Records	A record listing each principal responsible for establishing policies and procedures reasonably designed to ensure compliance with federal and SRO requirements requiring principal approval or acceptance of records.	Six years, the first two in an easily accessible place.	<ul style="list-style-type: none"> • Rules 17a-3(a)(22); 17a-4(a)
Contact Person Records	A record for each office listing all individuals by name or title at that office who, without delay, can explain the types of records maintained at that office and the information therein.	Six years, the first two in an easily accessible place.	<ul style="list-style-type: none"> • Rules 17a-3(a)(21); 17a-4(a)
Communications with the Public	Originals of all communications received and copies of all communications sent (and any approvals thereof) relating to a broker-dealer's business as such, including all communications which are subject to SRO rules regarding communications with the public.	Three years, the first two in an easily accessible place.	<ul style="list-style-type: none"> • Rule 17a-4(b)(4)
Organizational Documents	All partnership articles or, in the case of a corporation, all articles of incorporation or charter, minute books and stock certificate books, all Forms BD and BDW, including all amendments thereto, and all licenses or other documentation showing registrations with any securities regulatory authority.	Life of the broker-dealer and any successor entities.	<ul style="list-style-type: none"> • Rule 17a-4(d)
Special Reports	Each report which a securities regulatory authority has requested or required a broker-dealer to make and furnish to it pursuant to an order or settlement, and each securities regulatory authority examination report.	Three years after the date of the report.	<ul style="list-style-type: none"> • Rule 17a-4(e)(6)
Compliance, Supervisory & Procedures Manuals	Each compliance, supervisory, and procedures manual, including any updates, modifications, and revisions to the manual, describing the policies and practices of the broker-dealer with respect to compliance with applicable laws and rules, and supervision of the activities of associated persons.	Three years after the termination of the use of the manual.	<ul style="list-style-type: none"> • Rule 17a-4(e)(7)
Exception Reports	All reports produced to review for unusual activity in customers accounts.	Eighteen months after the date the report was generated.	<ul style="list-style-type: none"> • Rule 17a-4(e)(8)

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